

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Application of Southern California Edison Company
(U338E) for Approval of its 2016 Rate Design
Window Proposals

Application 16-09-003
(Filed September 1, 2016)

**PROTEST OF THE
CALIFORNIA SOLAR ENERGY INDUSTRIES ASSOCIATION**

Brad Heavner
Policy Director
California Solar Energy Industries Assoc.
1107 Ninth St. #820
Sacramento, California 95814
Telephone: (415) 328-2683
Email: brad@calseia.org

October 7, 2016

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Pursuant to Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the California Solar Energy Industries Association (CALSEIA) protests the Application of Southern California Edison Company (SCE) for approval of its 2016 Rate Design Window proposals (Application).

1. INTEREST OF CALSEIA IN THIS PROCEEDING

CALSEIA is a 501(C)(6) not-for-profit solar industry trade association representing 390 company members involved in the solar energy and energy storage market in California. CALSEIA is an active participant in multiple Commission proceedings addressing state policy and rate design. Rate structure has direct economic impacts on the ability of our member companies to compete in the marketplace. CALSEIA's licensed contractor membership relies upon CALSEIA's involvement in regulatory proceedings that may affect their businesses.

SCE proposes to change time-of-use (TOU) periods for all non-residential customers, with peak rates in the evening hours. CALSEIA will contend that the proposal would change TOU periods too far, too fast, and that any change to TOU periods should include a transition period for customers that have made investments in response to current TOU periods. SCE customers would be well served by a new TOU rate structure with a high differential between peak and off-peak rates as a way to encourage the adoption of energy storage, with an additional

option of a milder TOU option for customers that are not able to install energy storage systems. CALSEIA member companies are also impacted by the cap on participation in SCE's Option R rates, which is already taking this revenue-neutral rate option off the table for some commercial customers and should be addressed in this proceeding.

2. SERVICE

Service of notices, orders and other correspondence in this proceeding should be directed to CALSEIA at the address set forth below:

Brad Heavner
Policy Director
California Solar Energy Industries Association
1107 Ninth St., Ste. 820
Sacramento, CA 95814
Telephone: (415) 328-2683
Email: brad@calseia.org

CALSEIA requests email-only service.

3. PROTEST OF THE APPLICATION

SCE proposes changes to non-residential TOU rate schedules, including changing the summer peak period from 12-6 pm to 4-9 pm. A shift of that magnitude would have severe impacts on customers, and SCE does not propose any transition period for customers that have made investments in response to current price signals. CALSEIA will scrutinize SCE's analysis of projected net load in 2021 and 2024 that is a basis for the proposal. The proceeding will also need to incorporate the guidance expected from a decision in the Commission's TOU proceeding, R.15-12-012. The scope of that proceeding was set with the intention of producing a decision in time to be relevant to the instant proceeding. The proposed decision has been delayed, but is expected very soon.

The scope of this proceeding should also include consideration of eliminating the cap on SCE's Option R tariffs. The settlement in SCE's 2013 rate design window created a 400 MW cap on Option R in order to make the rate option available until it could be considered again in the 2018 General Rate Case (GRC). However, it is likely that the cap will be reached well before the conclusion of that rate case and should therefore be considered in this proceeding.

The settlement in SCE's 2009 GRC Phase 2, A.08-03-002, created Option R rates with reduced demand charges for customers that install on-site solar systems that offset at least 15% of the site's consumption. SCE agreed to further study the cost basis of Option R and to propose in the following GRC whether to continue offering Option R rates. Pending this study, participation in Option R was capped at 150 MW of total installed solar generating capacity of customers using the rate. Based on the results of the study, in the 2012 GRC, A.11-06-007, SCE proposed to continue making Option R available at least until the following GRC and to address the cap in an RDW if the cap is reached before the following GRC. The cap was reached before the following GRC, and in SCE's 2013 Rate Design Window, A.13-12-015, the settlement agreement increased the cap on customers taking service under Option R rates to 400 MW, which was designed to maintain availability of Option R until the conclusion of the 2018 GRC.¹

It is now apparent that the 400 MW cap will likely be exhausted before the conclusion of the 2018 GRC. The instant proceeding is therefore the appropriate venue to consider raising or eliminating the cap on Option R. As of September 8, 2016, there was 168 MW of Option R capacity remaining.² In the past four months, SCE has interconnected an average of 13 MW of non-residential NEM systems per month. Over the past year, the rate of monthly installations has

¹ CALSEIA was not a party to the Settlement Agreement in the 2013 Rate Design Window, which bound settling parties to support the 400 MW cap until the 2018 GRC.

² Option R Tariff update on SCE website, downloaded October 1, 2016 at <http://on.sce.com/2dIBWhF>.

increased at a cumulative rate of 4% per month. If the rate of interconnections continues and 80% of non-residential NEM interconnections are for medium and large commercial customers that take service under Option R, SCE will reach the 400 MW cap on Option R in August 2017.

Figure 1. SCE Monthly Non-Residential NEM Interconnections³

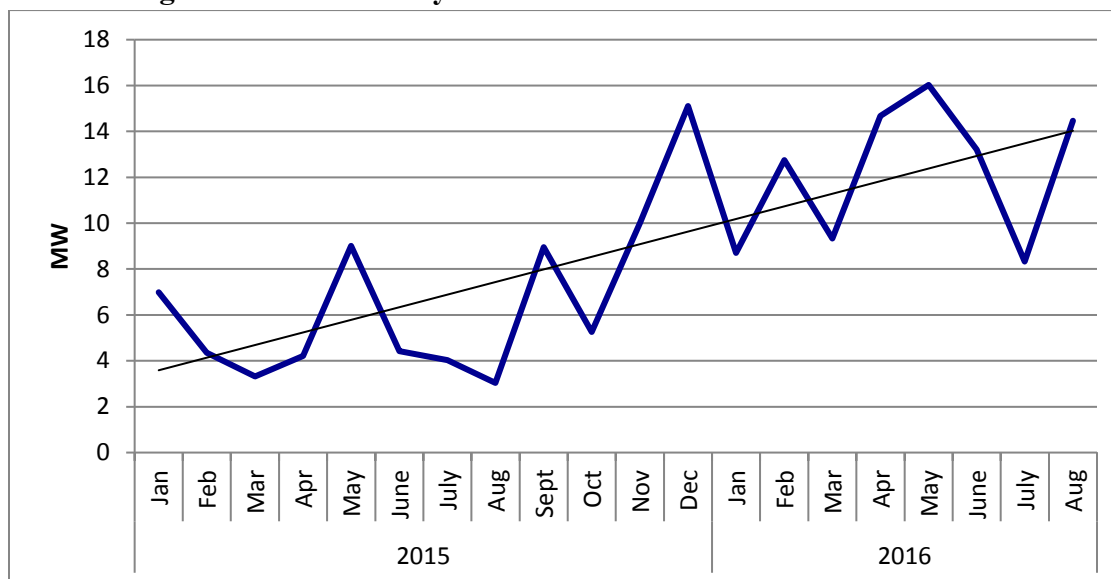
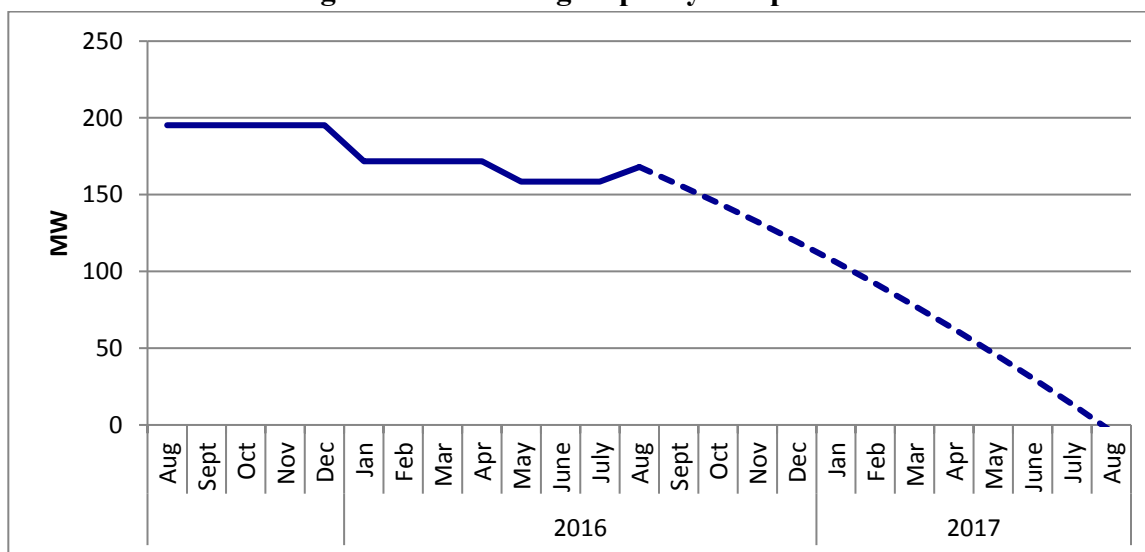


Figure 2. Remaining Capacity in Option R⁴



³ Data from SCE, “NEM Monthly Growth,” available under Net Energy Metering Cap Data at www.sce.com/nem.

⁴ Historical data from SCE website updates on Available Megawatts for the Option R Tariff.

Because large commercial solar projects normally take at least one year to complete, it is already highly uncertain whether customers beginning to consider solar today will be able to take service under Option R. Some solar providers that appropriately make conservative assumptions on behalf of customers have already stopped using Option R as the basis for customer savings projections. Customers with incomplete information may be considering solar investments with expectations of using Option R, putting them at risk of experiencing economic conditions far different from their expectations.

The decision approving the settlement in the 2013 RDW, D.14-12-048, stated, “The Settling Parties also believe that their compromise will provide certainty over a three-year horizon while rate design issues for solar customers continue to be evaluated in other Commission proceedings, including the Net Energy Metering Rulemaking (R.14-07-002).”⁵ This has not come to pass. Less than two years from approval of the settlement, the certainty is gone. Based on recent SCE GRC timelines, the 2018 GRC is not likely to be concluded until March 2019. According to SCE’s analysis, Option R for solar customers is a cost neutral rate option. Pacific Gas and Electric and San Diego Gas & Electric offer Option R rates that are not capped. The Commission should remove the cap for SCE as well.

4. CONCLUSION

CALSEIA appreciates the opportunity to participate in this proceeding. The issues highlighted above are the largest issues with the SCE application on which CALSEIA intends to provide information, but CALSEIA may identify other aspects of the SCE application to comment on as well.

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⁵ D.14-12-048 at p. 13.

Respectfully submitted this October 7, 2016 at Sacramento, California.

By: /s/ Brad Heavner
Brad Heavner

Brad Heavner
Policy Director
California Solar Energy Industries Association
1107 9th St. #820
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Email: brad@calseia.org